

Study of White-Collar Crime in India

¹Stuti Pasari and ²Dr. Sameer Pingle,

¹BBA Semester-IV, ²Associate Dean – SBM & Associate Professor – HR,

^{1,2}School of Commerce, Narsee Monjee Institute of Management Studies, Indore, Madhya Pradesh, India

Abstract: White-collar crime is invisible in many different aspects. Offences are typically concealed within occupational and organisational routines, are difficult to detect by victims, observers or law enforcers, and few offenders are tried and sentenced in open court. It is also absent from public and academic discussions of 'crime' and criminal justice policy. A major theme in research and literature has therefore been to expose the extent, impact and failure to fully criminalise the crimes of 'the powerful'. This research will focus on some key themes and issues which continue to be significant for understanding white-collar crime. This will be explored by looking at who suffers, which also raises issues about the differences between white-collar and blue-collar crime. Finally, the research will briefly outline some major questions dominating discussions of how this vast group of offences can be controlled.

I. INTRODUCTION

White collar crimes form a separate category of criminal offences. The terms White collar crime and 'Economic Crime' are more often than not, used as synonyms in fact, both the terms need to be used to define different categories of crime. White collar Crimes not only victimize individuals with pecuniary loss but can also have serious repercussions on the Corporate System. White collar Crimes includes such as various financial scams, fraud, money laundering, tax evasion etc. are crimes which evoke serious concern and impact on the Corporate system. This paper seeks to present a perspective on the trend of Corporate crimes and legislative measures to deal with such crimes in India. The paper is divided into two sections. The first section gives different dimension of corporate crimes and the second section deals with relevant legislation to prevent the corporate sector from White collar crime.

II. PROBLEM STATEMENT

The level of awareness about White Collar Crime in India is very low. To research about it is the only way people, especially students, can know about it more. The scale of White-Collar Crime which is continually increasing can only be in control when people gain proper knowledge for the same.

III. REVIEW OF LITERATURE

A. Basic Difference between Blue Collar & White-Collar Crime

The ordinary criminals are usually afraid of the law agencies after committing the crime but the white-collar criminals are not at all afraid of the law agencies because of the fact that if they got detected they will be fined or transferred or the maximum that they will get a short-term imprisonment.

Another difference between blue and the white-collar crime is that the economic loss of white-collar crime is thousands time higher than that of the ordinary crimes. The financial loss which the society has to bear is higher in white collar crimes

than the crimes committed by the people of low-social standard.

B. Types of White-Collar Crime

Bank Fraud:

Fraud is a crime committed with an intention to deceive and gain undue advantage. Bank Fraud is a fraud committed on the banks. It is committed by the fraudulent companies by making fake representations. It is also related to the manipulation of the negotiable instruments like cheque bouncing, securities, bank deposits etc.

Cybercrime:

Cybercrime is the biggest cause leading to these types of crime in India. It is the latest problem prevailing in the world. Cybercrime is the crime which is related to computer networks. With the rapid increase of advancement of technology there is also a rapid increase in the crime related to the technology.

Money Laundering:

Money laundering is a crime in which the criminals disguise the identity of the money. In this crime, criminals try to hide the original ownership of the money and the place where they obtained that money by illegal means. Laundering is done with the intention of making that money came from legal sources. In simple words money laundering means to show the illegitimate money as legal money.

Tax Evasion:

Tax evasion is committed with an intention to conceal one's actual taxable income and one's original position to the authorities. This concealment of income is done to reduce the tax liability in the eyes of government. In simple words it means to hide the money obtained from the illegal means in order to reduce one's liability to pay tax and to show low income to the tax authorities.

Identity Theft:

Identity theft is one of the easiest types of crime these days. Due to advancement of technology, it is very easy to access personal information of anyone. In simple words identity theft is committed by using some other person identity to commit fraud or to gain money by illegal means.

C. How White-Collar Crimes Affects More Than Just the Criminals

White collar crime can have a large impact on the society and it does not only affect the criminals. It is also called as a socio-economic crime because it has a direct impact on the society. When a white-collar crime is committed huge losses on business occur which have a direct impact on the consumers and the society.

There are various numbers of frauds and scams that had been exposed in our country from the past few years like 2g scam,

hawala scam, fodder scam and many more. Due to these frauds and scams the economy of our country has shambled. And then to make up these losses of fraud or any scams, they increase the costs. This means higher prices for the consumers in the way of higher taxes, government revenue, and increased insurance costs.

The impact of white-collar crime on society is great. There is loss in every field from the costs of commodities to the securities and insurance. One financial fraud can affect the businessmen, the investors and the government. All you need is one bad employee who out of greed of money will commit a financial fraud and will cause harm to the reputation of the company, lack of profits and gain of losses.

IV. RESEARCH DESIGN

The data we have collected is through interview & focused group discussion. We have adopted a Qualitative Research Method. Data analysis is majorly done through interview method i.e., we took interview of Mr Chandan Puglia: - IRS IT: 2013 who is Deputy Director of Enforcement Directorate, NewDelhi? Other than this we have also done a focused group discussion which we will be discussing in the next section

V. INTERVIEW FINDINGS

Q. Why does white-collar crime pose a bigger threat today?

A. White-collar crime is an ever-present threat for organisations. The value of what criminals actually take is only part of the cost – add the likely costs of penalties, civil judgments, and the cost of litigation and conducting investigations and suddenly the actual loss to an organisation is significantly greater than originally anticipated. Bribery, fraud, and cybercrime are continually evolving and becoming increasingly sophisticated.

Q. Does the way society handles white-collar crimes indicate social inequalities?

A. Yes, to a greater extent, if we see a person grabbing a few currencies from the cash box of the supermarket, we would badly want him to be caught instantly and punished severely. But if a large-scale embezzlement has happened in a major bank, we view it with curiosity for some time and never much concerned later whether the criminals were caught or not. Similarly, while cases of bribery or corruption at lower levels are seriously viewed by society, corruption and frauds of large magnitude indulged by powerful persons are considered to be 'privileged' actions. However, in the recent times, there is a definite change in the attitudes and perceptions of people about white collar crimes, perhaps due to the increased involvement of the media in projecting the same and the focus of governments to step up.

Q. Are there systemic factors that influence white-collar crime?

A. The answer is both "No" and "Yes". If one examines this with a macro perspective and say that white collar crimes thrive under specific economic system or political system or cultural/religious system, that would be incorrect. But if we state that such crimes would thrive everywhere, irrespective of the nature of social, political, economic or cultural system, where there are tax regulations, weak enforcement, low negative public perception of white-collar crimes, greater opportunity to commit crime, and low risk of detection, then that would be correct.

Q. Why in India, White Collar Criminals are Able to Get Away with It?

A. Lack of stringent laws- since it is not a very big law in India people think that they can get away with committing fraud and this has seen an increase in white-collar crimes in India.

Q. Is White Collar Crime a Victimless Crime?

A. White collar crime is a significant issue for everyone; it is not a victimless crime. It has a profound impact on everyone, not just the victims directly, but for all consumers and taxpayers in the form of higher costs, larger insurance premiums, payments, fees, taxes, etc. It also degrades the trust that is so essential in both the public arena and the marketplace. The energy that anti-fraud and criminal justice professionals devote to the detection and prosecution of such deviant financial behaviour can have wide-ranging and positive impacts, in terms of lessened losses, higher stop rates, and earlier detection. This also includes the ability to recover assets for victims sooner, before they disappear, are spent, or move off-shore. Since white-collar crime really hurts us all, especially in the loss of trust and confidence, it is important that this type of investigation is a priority.

VI. FOCUSED GROUP FINDINGS

Many white-collar crimes go unnoticed!

Our attitude toward white-collar crime is a little different. On the one hand, it fascinates us: Why do well-paid professionals commit it—On the other hand, it bores us: Complicated financial schemes are difficult to understand, and victims are often unclear.

Who are the most famous white-collar criminals in India!?

Harshad Mehta, Vijay Malya, Neerav Modi

White collar criminals are eating our country from within!

Most experts agree that the economic impact of white-collar crime is far more costly than ordinary crime. White-collar crime can endanger employees through unsafe working conditions, injure consumers because of dangerous products, and cause pollution problems for a community.

How does white collar crime affect a normal man's life?!

White collar crimes are the crimes which cause a harm to the economy of the country as a whole. It not only affects the financial status of a country or a person but It has also a negative impact on the society

What can be done to prevent white collar crime!?

Prevention entails a lot of possible means to ensure the crimes do not occur in the first place. Things like background investigations, audits, internal control mechanisms, frequent communication about expectations, ethics presentations, and many other types of ways can help to prevent these from happening.

What are some possible punishments for white collar crimes?

White collar criminals can receive long prison sentences, but one key difference is that they may be sent to a minimum-security prison, rather than a maximum-security prison, so will have a more comfortable prison life with access to more features and amenities like the internet etc.

Reasons for White Collar Crimes!

- Greed
- Easy, swift and prolong effect
- Competition

- Lack of stringent laws
- Lack of awareness
- Necessity

CONCLUSION

Despite a slew of measures taken by the Governments there is neither decline in overall volume of White-collar crimes, nor re-education in the number of major scams that are occurring with regular frequency in the country. In fact, the menace of white-collar crimes has assumed serious proportion, which needs to be addressed with a holistic approach. The following measures are recommended:

The Laws governing economic offences are soft as compared to the laws enacted to deal with violent crimes like murders, dacoities, etc. Therefore, all the laws relating to economic offences need to be reviewed and revamped. The state should also engage prosecutors with sound knowledge of law and impeccable integrity, to ensure that the economic offenders are not released on bail the bail provision must be tightening. For a

variety of reasons, the inordinate delay in conducting trial, investigation, inquiry, appeal, revision, retrial, loss of evidence, lapse of time and other factors Whatever may be the reason, it is justice that becomes casualty. The courts in India are not able to dispense justice promptly. One of the principal reasons is heavy backlog of cases. Therefore, there is need to create exclusive courts to bring offenders to book quickly also there is need to simplify court procedure and ensure that economic offenders are not allowed to subvert the system the Government establishes a special penal code for preventing White collar Crime.

References

- [1] www.dgft.gov.in
- [2] www.icisa.cag.gov.in
- [3] www.irda.gov.in
- [4] www.nism.ac.in
- [5] www.nseindia.com
- [6] www.youtube.com